



U.S. Immigration
and Customs
Enforcement

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News Release

TWO AMERICANS CONVICTED IN CHINA OF OPERATING MAJOR COUNTERFEIT MOTION PICTURE NETWORK

-- Convictions stem from first joint IPR investigation by ICE and Chinese authorities --

WASHINGTON, D.C. – U.S. Immigration and Customs Enforcement (ICE) and the Chinese Ministry of Public Security (MPS) today announced the conviction and sentencing in China of **Randolph Hobson Guthrie III**, 38, and **Abram Cody Thrush**, 30, two U.S. citizens who were arrested in Shanghai last July as a result of the first joint Intellectual Property Rights (IPR) investigation by ICE agents and Chinese authorities. Two Chinese accomplices were also convicted and sentenced in the case yesterday.

China's Shanghai No. 2 Intermediate People's Court yesterday convicted Guthrie and Thrush on criminal charges of illegally selling and distributing more than \$840,000 worth of pirated motion picture DVDs via the Internet to buyers in more than 20 nations, including the United States. Chinese prosecutors maintained that, since October 2002, Guthrie had illegally sold some 180,000 pirated DVDs around the globe through eBay.com and a Russian based-website at www.threedollardvd.com.

The Chinese court sentenced Guthrie to a jail term of two years and six months in China, a fine of 500,000 Chinese Renminbi (RNB), and deportation from the country upon completion of his sentence. Thrush, an accessory, was sentenced to a jail term of one year in China, a fine of 10,000 RNB, and deportation upon completion of his sentence.

The Chinese court also convicted Wu Dong and Wu Shibiao, two Chinese accomplices in the illegal counterfeiting operation. Wu Dong received a jail term of one year and three months, and a fine of 10,000 RNB. Wu Shibiao received a fine of 30,000 RNB.

"This case began at a Mississippi flea market when undercover ICE agents purchased counterfeit DVDs. It led to the conviction in China of a global distributor of counterfeit products, thanks to the hard work of Chinese authorities and ICE agents. As the first joint counterfeiting investigation by ICE and Chinese authorities, this landmark case will serve as a roadmap for future Intellectual Property Rights investigations," said Michael J. Garcia, the Department of Homeland Security Assistant Secretary for U.S. Immigration and Customs Enforcement (ICE).

The convictions are the product of a joint effort between ICE agents and Chinese law enforcement called "**Operation Spring**." Launched in Sept. 2003 by the ICE Resident Agent-in-Charge office in Gulfport, Mississippi, the investigation grew to include the ICE Attaché in Beijing, China, the ICE Special Agent-

in-Charge office in Houston, and the National Intellectual Property Rights Coordination Center in Washington, D.C. The United States Attorney for the Southern District of Mississippi also played a key role in the case.

In April 2004, agents assigned to the ICE Attaché in Beijing reached out to Chinese authorities and began sharing information on the investigation. The Economic Crime Investigation Department of the Chinese MPS assigned the Shanghai Public Security bureau to work with ICE on the case. After months of joint investigation with ICE, Chinese authorities were able to develop sufficient evidence against the suspects and their global counterfeit sales network to make arrests.

On July 1, 2004, officers from the Economic Crime Investigation Department of the Chinese MPS and the Shanghai Public Security Bureau carried out enforcement actions in China that resulted in the arrest of six individuals, including two U.S. citizens, Guthrie and Thrush. Guthrie had lived in Shanghai for nearly ten years and also listed addresses in New York, Miami Beach and Palm Beach, Florida.

In addition, the enforcement actions in China led to the seizure of more than 210,000 counterfeit motion picture DVDs and approximately \$67,000 in U.S. currency as well as 222,000 Chinese Renminbi (RNB). Chinese authorities also located and destroyed three warehouses that were being used to store counterfeit motion picture DVDs for distribution around the globe, including the United States.

The Motion Picture Association of America (MPAA) provided crucial assistance and background information to U.S. and Chinese law enforcement agencies in this case. The MPAA has closely tracked the negative economic effects on member studios caused by this counterfeiting network and other accused intellectual property rights violators worldwide. In total, the MPAA estimates that the U.S. motion picture industry loses more than \$3.5 billion annually in potential worldwide revenue due to piracy.

This landmark case represents the latest success of ICE in targeting IPR violators around the globe. As the largest investigative arm of the Department of Homeland Security, ICE plays a leading role in targeting criminal organizations responsible for producing, smuggling, and distributing counterfeit products. In Fiscal Year 2004, ICE agents arrested 218 individuals and brought 140 indictments for IPR violations, roughly double the 132 arrests and 70 indictments brought by ICE the prior fiscal year.

At the same time, ICE agents and U.S. Customs & Border Protection (CBP) officers together made 7,255 seizures of counterfeit goods worth \$138 million in FY 2004, up from the roughly 6,500 seizures worth \$94 million the prior year. Together, ICE and CBP have seized more than \$600 million worth of counterfeit goods from FY 1998 through FY 2004.

ICE

U.S. Immigration and Customs Enforcement was established in March 2003 as the largest investigative arm of the Department of Homeland Security. ICE is comprised of five integrated divisions that form a 21st century law enforcement agency with broad responsibilities for a number of key homeland security priorities.